

House Amendment 1492

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1 1 Amend House File 688 as follows:
1 2 #1. By striking everything after the enacting
1 3 clause and inserting the following:
1 4 NEW SECTION. 15E.110 DEFINITIONS.
1 5 As used in this division, unless the context
1 6 otherwise requires:
1 7 1. "Biodiesel stock" means a fuel stock comprised
1 8 of mon-alkyl esters which may be derived from soybean
1 9 oil and which is used to produce biodiesel-blended
1 10 fuel and meets requirements of the American society
1 11 for testing and materials.
1 12 2. "Biodiesel-blended fuel" means the same as
1 13 defined in section 159A.2.
1 14 3. "Special fuel" means the same as defined in
1 15 section 452A.2.
1 16 Sec. 2. NEW SECTION. 15E.113 BIODIESEL EQUIPMENT
1 17 ACQUISITION PROGRAM.
1 18 1. The department shall establish a biodiesel
1 19 equipment acquisition program. The department shall
1 20 provide financing to eligible persons for the
1 21 acquisition of equipment to produce and store
1 22 biodiesel-blended fuel for sale. Equipment includes
1 23 but is not limited to storage tanks, related devices,
1 24 and machinery required to compound or blend biodiesel=
1 25 blended fuel, including by splash blending or
1 26 injection of biodiesel stock with petroleum-based
1 27 diesel fuel. The department may provide financing to
1 28 an eligible person who acquires equipment for redesign
1 29 planning required to satisfy fire hazard prevention or
1 30 environmental protection standards promulgated by this
1 31 state or the federal government.
1 32 2. The department may provide financing to an
1 33 eligible person upon review and evaluation of the
1 34 person's application according to procedures adopted
1 35 by the department. Financing shall be awarded on a
1 36 cost-share basis. The eligible person must be one of
1 37 the following:
1 38 a. A marine or pipeline terminal. The amount of
1 39 the financing shall not exceed forty percent of the
1 40 cost of acquiring the equipment and redesign planning
1 41 as estimated by the department or forty percent of the
1 42 actual cost of acquiring the equipment and redesign
1 43 planning, whichever is less. However, the marine or
1 44 pipeline terminal shall not receive more than fifty
1 45 thousand dollars in financing for the acquisition of
1 46 equipment and the redesign planning at one business
1 47 location.
1 48 b. A marketer of special fuels other than a marine
1 49 or pipeline terminal. The amount of the financing
1 50 shall not exceed eighty percent of the cost of
2 1 acquiring the equipment and redesign planning as
2 2 estimated by the department or eighty percent of the
2 3 actual cost of acquiring the equipment and redesign
2 4 planning, whichever is less. However, the marketer
2 5 shall not receive more than fifty thousand dollars in
2 6 financing for the acquisition of equipment and the
2 7 redesign planning at one business location.
2 8 3. In order to qualify for financing all of the
2 9 following must apply:
2 10 a. The eligible person must be issued a license to
2 11 blend special fuels by the department of revenue and
2 12 finance if the person is required to be issued the
2 13 license pursuant to section 452A.6.
2 14 b. The eligible person has technical expertise
2 15 necessary to produce biodiesel-blended fuel.
2 16 4. a. An eligible person who receives financing
2 17 under this section shall prepare and deliver an annual
2 18 report to the administrative unit of the department of
2 19 natural resources designated by the department to
2 20 analyze issues relating to energy. A copy of the
2 21 report shall be delivered to the department of
2 22 economic development.
2 23 b. The report shall at least include the total
2 24 volume of biodiesel-blended fuel produced and sold

2 25 during the last year by the eligible person at each
2 26 business location installed with equipment financed
2 27 under this section. For each gallon of biodiesel=
2 28 blended fuel produced and sold, the report shall
2 29 indicate its percentage of biodiesel stock as required
2 30 by the department.

2 31 Sec. 3. NEW SECTION. 15E.113A BIODIESEL STOCK
2 32 PROCESSING PROGRAM.

2 33 1. The department shall establish a biodiesel
2 34 stock processing program. The purpose of the program
2 35 is to provide financing to eligible persons engaged in
2 36 the processing of soybean oil into biodiesel stock to
2 37 be used for the production of biodiesel-blended fuel.
2 38 This section does not require that a person eligible
2 39 to receive financing obtain a license to blend special
2 40 fuels as required by the department of revenue and
2 41 finance pursuant to section 452A.6.

2 42 2. A person is eligible to receive financing under
2 43 the biodiesel stock processing program if all of the
2 44 following apply:

2 45 a. The person is a business association organized
2 46 as a cooperative association under chapter 499 or 501,
2 47 or a limited liability company organized under chapter
2 48 490A. Qualified persons as defined in section 10.1
2 49 must hold at least fifty-one percent of the business
2 50 association, including fifty-one percent of each class
3 1 of or groups of members' equity. As used in this
3 2 paragraph, "members' equity" includes but is not
3 3 limited to issued shares, including common stock or
3 4 preferred stock, regardless of distributions, and
3 5 membership interests. However, "members' equity" does
3 6 not include nonvoting interests such as nonvoting
3 7 common stock or nonvoting membership interests. A
3 8 security such as a warrant or option that may be
3 9 converted to voting stock shall be considered members'
3 10 equity.

3 11 b. The person demonstrates financial capability
3 12 and technical expertise necessary for the processing
3 13 of soybean oil into biodiesel stock used to produce
3 14 biodiesel-blended fuel. The department may require
3 15 that the person submit a business plan which includes
3 16 a description of how the financing will be used, and a
3 17 description of how the person expects the business
3 18 association to become profitable.

3 19 3. a. The department may provide financing to an
3 20 eligible person upon review and evaluation of the
3 21 person's application according to procedures adopted
3 22 by the department. Financing shall be in the form of
3 23 a grant, loan, forgivable loan, loan guarantee, cost
3 24 share, indemnification of costs, or any combination of
3 25 such financing deemed appropriate by the department.
3 26 The department shall not approve an application to
3 27 refinance an existing loan. If moneys are repaid to
3 28 the department pursuant to a loan agreement, the
3 29 moneys shall be deposited into the biodiesel fuel
3 30 promotion fund established in section 15E.114.

3 31 b. An eligible person who receives financing under
3 32 this section shall prepare and deliver an annual
3 33 report to the administrative unit of the department of
3 34 natural resources designated by the department to
3 35 analyze issues relating to energy. A copy of the
3 36 report shall be delivered to the department of
3 37 economic development. The report shall at least
3 38 include the total volume of biodiesel stock produced
3 39 during the last year by the eligible person at each
3 40 business location which benefits from the financing.

3 41 Sec. 4. NEW SECTION. 15E.114 BIODIESEL FUEL
3 42 PROMOTION FUND.

3 43 1. A biodiesel fuel promotion fund is created in
3 44 the state treasury under the control of the
3 45 department.

3 46 2. The biodiesel fuel promotion fund shall include
3 47 any moneys appropriated to the fund by the general
3 48 assembly, payments of interest earned, recaptures of
3 49 awards, repayments of moneys loaned or expended under
3 50 the biodiesel stock processing program as provided in
4 1 section 15E.113A, the repossession and sale of assets
4 2 securing a loan made under the program, and any other
4 3 moneys available to and obtained or accepted by the
4 4 department from the federal government or private
4 5 sources for placement in the fund.

4 6 3. The fund shall be used to support the biodiesel
4 7 equipment acquisition program as provided in section
4 8 15E.113 and the biodiesel stock processing program as
4 9 provided in section 15E.113A.

4 10 4. a. The department shall not use more than two
4 11 percent of all moneys deposited and required to be
4 12 deposited in the fund, as calculated on July 1 of each
4 13 year for departmental administrative expenses.

4 14 b. In administering the fund, the department may
4 15 contract, sue and be sued, and adopt administrative
4 16 rules necessary to carry out the provisions of this
4 17 section and sections 15E.113 and 15E.113A. However,
4 18 the department shall not in any manner directly or
4 19 indirectly pledge the credit of the state.

4 20 c. Moneys shall not be transferred, used,
4 21 obligated, appropriated, or otherwise encumbered
4 22 except as provided in this section.

4 23 5. Section 8.33 does not apply to any moneys in
4 24 the fund. Notwithstanding section 12C.7, interest
4 25 earned on moneys in the fund shall be credited to the
4 26 fund.

4 27 6. The fund is subject to an annual audit by the
4 28 auditor of state. Moneys in the fund, which may be
4 29 subject to warrants written by the director of revenue
4 30 and finance, shall be drawn upon the written
4 31 requisition of the director of the department of
4 32 economic development or an authorized representative
4 33 of the director.

4 34 Sec. 5. Section 159A.2, subsections 6 and 8, Code
4 35 2003, are amended to read as follows:

4 36 6. "Renewable fuel" means an energy source at
4 37 least in part derived from an organic compound capable
4 38 of powering machinery, including an engine or power
4 39 plant. A renewable fuel includes but is not limited
4 40 to ethanol=~~blended~~ or ~~soydiesel~~ biodiesel=blended
4 41 fuel.

4 42 8. ~~"Soydiesel~~ "Biodiesel=blended fuel" means a
4 43 fuel which is a mixture of diesel fuel and processed
4 44 soybean oil, if at least ~~twenty two~~ percent of the
4 45 mixed fuel by volume is processed soybean oil which
4 46 meets American society for testing and materials
4 47 standards.

4 48 Sec. 6. Section 159A.3, subsection 3, paragraph b,
4 49 Code 2003, is amended to read as follows:

4 50 b. The office shall promote the production and
5 1 consumption of ~~soydiesel~~ biodiesel=blended fuel in
5 2 this state.

5 3 Sec. 7. Section 307.20, subsection 1, Code 2003,
5 4 is amended to read as follows:

5 5 1. a. A ~~biodiesel~~ biodiesel=blended fuel
5 6 revolving fund is created in the state treasury. The
5 7 ~~biodiesel~~ biodiesel=blended fuel revolving fund shall
5 8 be administered by the department and shall consist of
5 9 moneys received from the sale of EPAct credits banked
5 10 by the department ~~on April 19, 2001~~, moneys
5 11 appropriated by the general assembly, and any other
5 12 moneys obtained or accepted by the department for
5 13 deposit in the fund.

5 14 b. Moneys in the fund are appropriated to and
5 15 shall be used by the department for the purchase of
5 16 ~~biodiesel~~ biodiesel=blended fuel for use in department
5 17 vehicles. The department shall submit an annual
5 18 report not later than January 31 to the members of the
5 19 general assembly and the legislative fiscal bureau, of
5 20 the expenditures made from the fund during the
5 21 preceding fiscal year.

5 22 c. Section 8.33 does not apply to any moneys in
5 23 the fund and, notwithstanding section 12C.7,
5 24 subsection 2, earnings or interest on moneys deposited
5 25 in the fund shall be credited to the fund.

5 26 Sec. 8. Section 307.20, subsection 3, paragraph a,
5 27 Code 2003, is amended to read as follows:

5 28 a. ~~"Biodiesel~~ "Biodiesel=blended fuel" means
5 29 ~~soydiesel fuel~~ the same as defined in section 159A.2.

5 30 Sec. 9. ELIGIBILITY FOR BIODIESEL EQUIPMENT
5 31 ACQUISITION PROGRAM. The department may provide
5 32 financing to a person who is a marine or pipeline
5 33 terminal or marketer of special fuels under the
5 34 biodiesel equipment acquisition program as provided in
5 35 section 15E.113, and who is otherwise eligible to
5 36 participate in the program if the person has acquired

5 37 equipment or completed redesign planning on or after
5 38 January 1, 2002, but prior to the effective date of
5 39 this Act.
5 40 Sec. 10. DIRECTIONS TO CODE EDITOR. The Code
5 41 editor is directed to transfer section 15E.110 as
5 42 enacted in this Act to division X of chapter 15E and
5 43 rename the division's title.
5 44 Sec. 11. CONTINGENT EFFECTIVENESS OF THIS ACT.
5 45 This Act takes effect only if 2003 Iowa Acts, House
5 46 File 683 is enacted.>
5 47 #2. Title page, by striking lines 2 and 3, and
5 48 inserting the following: 5 49 for the Act's effectiveness.>
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6 1
6 2
6 3 _____
6 4 DRAKE of Pottawattamie
6 4 HF 688.203 80
6 5 da/sh